

64-17021

6 March 1964

MEMORANDUM FOR THE RECORD

1. I showed the attached memo to Mr. McGeorge Bundy of the White House, who read it thoroughly. I also showed it to Mr. Bill Bundy who thumbed it hurriedly and stated that, to his knowledge, in connection with paragraph 4 he had not sent any memo to Hilsman on the subject although he had been disturbed by the message. I also showed it to Mr. Bill Colby who said he was even more disturbed than the DD/I people.

2. Mr. McGeorge Bundy understood my concern and stated that while it was primarily a policy matter, there should certainly have been intelligence inputs. I told him that it had not been coordinated with us in any way. He said he was not constrained to take any action to exacerbate an already difficult situation as regards State Department handling of Far Eastern matters. He preferred to wait until his brother Bill got over into the State Department and was able to put the linchpins all back in place and get the machinery operating properly again. I told him I thought that the message had been handled along the lines of State #243 of 24 August to Saigon, although the consequences of the Djakarta action were not as serious as those of Saigon.

Marshall S. Carter
Lieutenant General, USA
Acting Director

Attachments:

- A. Memo dated 5 March 1964, Subject: Comment on State Outgoing 946 to Djakarta (unsigned; prepared by DD/I)
- B. Background Cables (State 946 to Djakarta; Djakarta 1802 and 1804 to the Department of State)

Distribution:

- ✓ Original - DDCI w/atts A & B
- 1 - EA/DCI w/att A
- 1 - ER w/att A
- 1 - DD/I w/atts A & B
- 1 - C/FE via DD/P w/att A

State Department review completed

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64-1702

5 March 1964

MEMORANDUM

SUBJECT: Comment on State Outgoing 946 to Djakarta

1. State Outgoing 946 Djakarta was initiated by Harriman who was disturbed by a cable last week from Ambassador Bell (Malaysia). Bell suggested that Indonesians may not have understood the full import of the recent Malaysian declaration of an air defense zone over northern Borneo; he suggested that Djakarta might seek new channels in getting across the seriousness of the situation to the Indonesians.

2. Cuthell, SPA Chief at State, drafted this cable for Harriman. Harriman deleted all reference to approaches to Indonesian civilian leaders, retaining only suggested approaches to military, especially Nasution. The cable was dispatched.

3. DDP was consulted only vaguely on the cable. Monday evening, 2 March, [redacted] was called by Cuthell for information on the reference number of a certain document cited in the cable. DDP had no idea of the content and is upset because the cable cites three Djakarta cables [redacted] is more disturbed, however, by what he sees as a new approach in Indonesia undertaken without prior Agency consultation.

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4. DOD/ISA was also disturbed by States unilateral action and Bill Bundy has memoed Hilsman on the subject. There was no coordination with any other DOD unit.

5. The Department of State appears to be rethinking its policy on Indonesia without having actually determined as yet on a new tack.

6. State outgoing 946 suggests that embassy and AID officials in Djakarta try to generate through the Indonesian military a change in Sukarno's own policies,

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particularly Malaysian confrontation. Such a change, if achieved, would thereby obviate a need for the United States to alter its own course toward Djakarta. If this proposed effort (i.e., to encourage the military to press Sukarno) is unsuccessful then the United States would face the fact that its policy toward Indonesia is bankrupt and that the US must face the risk of antagonizing Sukarno.

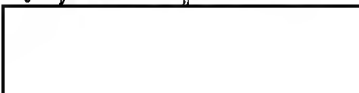
7. The suggested approach to the military seems unlikely to bring the desired results. The Indonesian military--principally the army--already has attempted for some years to control Sukarno. It has particularly tried to persuade him against pro-Communist domestic policies, a pro-bloc international alignment, and adventurism that could lead to actual war. Although it may have delayed the implementation of some of Sukarno's policies, it has been essentially unsuccessful.

8. Military leaders are most unlikely at this time to make a unified approach to Sukarno, and attempts by individuals would only bring presidential suspicion and loss of favor and power. Moreover, the suggested approach would probably be interpreted by Sukarno as another Western effort to separate him from his support and remove him from power. The approach probably could not be kept secret and the Communists would also exploit it as an anti-Sukarno move by the West.

9. Military leaders apparently find that since they are embarked in the anti-Malaysian effort it is to their advantage to continue it in some form. Any military involvement brings increased political influence to military leaders and at least some of these leaders believe that this influence is helpful in competing with the Indonesian Communist Party.

10. Any approach to the Indonesians on the Malaysia issue would probably have to be made directly to Sukarno to have any chance of success.

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OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
☐ CHARGE TO

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BACKGROUND USE ONLY

ACTION: Ambassador DJAKARTA IMMEDIATE
INFO: Ambassador KUALA LUMPUR946
741

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LINDIS

Re Djakarta ¹⁷⁹³ s/1802 and 1804; Kuala Lumpur's ⁷⁸⁷ ~~1802 and 1804~~

Department is aware that Embassy has in past months kept Sukarno and Subandrio well informed as to our views on where Indo foreign policy and economic problems can lead. Net impact of this regular restatement of our position has been disappointing, although Department believes present situation would be worse in absence of pressures from our side.

Essence of problem seems to be that Sukarno recognizes our refusal to support confrontation, accepts our statements of support for Malaysia although annoyed by them, and is willing to face possible loss of both current and potential U. S. aid. He seems to discount chances that U.S.-Indo relations can deteriorate to breaking point if GDI presses its quarrel with GDI to stage ^{of} open hostility, and in general assumes that he can ~~continue~~ his objectives continuing guerrilla action ~~by methods including~~ without seriously endangering his international position.

Problem is accentuated by fact, which emerges in above references, that those who are in position to influence Sukarno toward rational foreign and particularly military, economic policies ~~are not doing so.~~ ~~(These individuals are not doing so.)~~

Drafted by:

FE:SPA:DCCuthell/ECIngraham:aca

Telegraphic transmission and

classification approved by:

M - W. Averell Harrington

Clearance:

FE-Mr. Hilman

S/S- Mr. Mills

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In case of PKI, it is obviously in commies' interest to encourage present course toward mounting international tension and domestic economic collapse.

Department has noted recent reports that PKI has lured Sukarno into agreement that PKI will not play up current economic troubles if Sukarno will keep up active confrontation, but that PKI is at same time pushing campaign against foreign
PKI undoubtedly wants break with US to permit takeover US investments including oil.
business interests./ PKI is thus ready to profit now from confrontation and be ready with plan based on break with West if economic conditions reach crisis stage.

Indo military ~~and Indonesian military~~ on other hand, seems to lack understanding of where Indo policy is leading, and fails to recognize that present combination of confrontation and increasing coldness toward West plays only into hands of PKI and other extremists. Since our efforts influence Sukarno directly and via Subandrio have not succeeded in modifying Indonesian policy, Department believes we should now try to build up pressures on Sukarno from Indonesian ^{military} sources in favor of rational settlement with Malaysia and decent relations with free world. In view of attitudes described in references, this would seem to require "educational" program aimed at both ~~military and Indonesian~~ ^{military} leaders. Department would not suggest anything which might get back to Sukarno as U.S. campaign against him, but would expect that if situation is effectively and forcefully described, ^{military} number of Indo /who have some ability/ effect course of events would understand where present course is leading and would try to change or restrain it.

Department has noted Bell's suggestion (Kuala Lumpur's T87) that time has come to draw on relationship we have built up with Indonesian military in effort head off

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GOI before it too late. This should be done to maximum extent possible in context this "educational" campaign, since our capital with them will be completely expended in any event should Indo actions force us side openly against them.

Col. Benson and attaches should see Nasution
Appears to Department that ~~and such other military leaders as they and Ambassador think useful.~~
~~and such other military leaders as they and Ambassador think useful.~~

Embassy familiar with most appropriate lines to take with each group, i.e., stressing ~~forthrightly~~ that present situation playing directly into FKI hands, and will be tailoring them to fit individual targets. In addition the obvious points, should try impress upon them the following over-all assessment:

1. If Indo resumes all-out confrontation result can only be (1) complete break
between Indo and free world, with Indo forced either take out meager existence in
isolation/^{OR} ~~status~~ as supplicant to Bloc, which would then respond, if at all, with aid
designed to help PKI, or (2) growth of internal pressures within Indo of such
magnitude as to threaten both present leadership and internal unity. ~~Whichever one~~
materializes, Indo's prestige and status as nation would be shattered.

2. Indo military must face fact that if they escalate military confrontation with British, they risk war with British, who have capacity knock out Indo offensive ability quickly. Such defeat would end position of control of Indo military leaders.

3. As far as U.S. concerned, we being driven to point at which we recognize growing possibility parting of ways with Indo. For years U.S. Govt has made sustained effort understand Indo aspirations and ^{help} attain them. In west Indo. case, we

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went to length of risking strained relations with old and close allies in order to encourage peaceful settlement favorable to Indo. Present case bears no relation to West Irian since it involves Indo campaign not against colonial territory to which it has any sort of claim but against sovereign state which U.S. and most of world value as friend. Despite our inability accept Indo position vis-a-vis Malaysia, however, and in face strongly adverse reaction both from U.S. public and from U.S. allies, US Govt has made continuous effort (culminating in Attorney General's mission) to encourage peaceful settlement on terms not adverse to Indo's legitimate interests. Despite this record, we now find U.S. singled out as target by much of Indo press and leadership, and U.S. companies in Indo threatened with seizure or violence. U.S. Govt and people cannot be expected put up with this forever, and must react strongly if our interests damaged by GOI or PKI.

4. Would be naive for Indos to think there are any differences or conflicts in US and UK policies toward Southeast Asia which they can exploit. ^{US} and UK are allies. ANZUS Treaty obligations apply if Australian and New Zealand forces involved.

5. In considering implications foregoing, Indos should not be so naive as to think they can find useful alternative support among Western Europeans (French, Dutch), Afro-Asians or Bloc. While certain Western Europeans have pursued policy similar to ours in avoiding taking sides, GOI can be sure none will abandon UK and Malaysia if forced make choice. Nor can real support be found among AA's, most of whom recognize Malaysia, have nothing against British, are ~~generally~~ preoccupied with own problems and, in any event, have nothing to offer in way tangible support. As far as Bloc concerned, Indos must be aware situation has changed radically since

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Page 5 of telegram to Amembassy DJAKARTA; INFO: Amembassy KUALA LUMPUR

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early postwar days of East-West ^{confrontation} ~~confrontation~~ when foe of one automatically taken up as friend of other.

6. By drying up sources foreign aid and disrupting trade, confrontation has seriously hurt Indo economy and virtually eliminated hopes for economic development in near future. Quite aside from its impact on population as whole, Indo military must realize this directly affects them: However large and well equipped its forces in being, Indo is not and will not be significant military power -- able realistically claim capacity to defend country -- so long as industrial-technical base to sustain these forces totally absent. At best will take years or decades create this base, but every day confrontation continues pushes that goal farther in future.

Department realizes carrying out foregoing will be delicate task, but ^{believes} ~~agrees~~ ~~with~~ ~~that~~ that time for such an effort has arrived. Request Embassy reaction.

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END

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FM AMEMBASSY DJAKARTA

Info TO RUEHCR/SECSTATE WASHDC
INFO/RUMTBK/AMEMBASSY BANGKOK
RUMJKL/AMEMBASSY KUALA LUMPUR
RUOTLN/AMEMBASSY LONDON
RUMJMA/AMEMBASSY MANILA
RUALOT/AMEMBASSY TOKYO
RUHPA/CINCPAC
STATE GRNC

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1964 FEB 28 PM 9 11

BT
CONFIDENTIAL ACTION IMMEDIATE DEPT [1802] INFO BANGKOK
IMMEDIATE 234 KUALALUMPUR IMMEDIATE 649 CANBERRA PRIORITY 233
LONDON PRIORITY 631 MANILA PRIORITY 727 TOKYO PRIORITY
WELLINGTON PRIORITY 30 CINCPAC PRIORITY 620

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L I M I T D I S T R I B U T I O N

DEPTEL 929 RPTD KUALA LUMPUR 728

WHILE THERE IS EVERY OBJECTIVE REASON THINK INDO LEADERS SHOULD
BE CONCERNED OVER EVER MORE SERIOUS PLIGHT THEIR ECONOMY, DANGERS
OF POSSIBLE ESCALATION OF CONFLICT, AND GROWING DOMESTIC POLITICAL
RISKS VIS-A-VIS PKI, BEST EVIDENCE WE HAVE IS TO CONTRARY.
ALTHOUGH INDO MILITARY DO APPEAR ANXIOUS AVOID DIRECT CLASH WITH
BRITISH AND THERE NO RPT NO EVIDENCE THAT MILITARY HAVE MADE PRE-
PARATIONS FOR LARGE-SCALE INVOLVEMENT IN KALIMANTAN, OR WOULD
SEEK SUCH ROLE, INTELLIGENCE DOES INDICATE STEP-UP IN PARA-MILITARY

PAGE TWO RUMJBT 1425A C O N F I D E N T I A L
OPERATIONS IN BOTH KALIMANTAN AND MALAYS SINCE CEASE-FIRE.
THERE ALSO REMARKABLE LACK ANY VOCAL DOMESTIC OPPOSITION TO "CRUSH
MALAYSIA" CAMPAIGN. ON CONTRARY, THERE IS IMPRESSIVE VOCAL SUPPORT
FOR THIS POLICY BY INDO ELITE. IF GOI WILLING NEGOTIATE CONFRONTATION,
IT MORE LIKELY IN DIRECT PROPORTION TO FAILURE OF PRESENT
CONFRONTATION POLICY ACHIEVE MEASURABLE PROGRESS TOWARD ANNOUNCED
GOAL. DESPITE FOREGOING ANALYSIS, WE SEE NO RPT NO CONSTRUCTIVE WAY
APPROACH THIS PROBLEM NOW RPT NOW THAN ON BASIS HYPOTHEIS IN RETTEL
THAT GOI INTERESTED IN SEEKING SOLUTION, RECONGNIZING HOWEVER THAT
180 DEGREE TURN IN INDO ATTITUDES AND ACTIONS WOULD HAVE TO COME
TO MAKE SUCH APPROACH SUCCEED.

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- 2- 1802, February 28, from Jakarta.

IN OUR OVERALL EFFORT WITH INDOS TO BRING ABOUT SUCCESS
THIS ENDEAVOR, WE FEEL FOLLOWING ESSENTIAL:

1. CONTINUE ATTEMPTS CONVINCE INDOS OF STEADFASTNESS BRITISH
POLICY AND DANGERS ESCALATIONS..
2. AT SAME TIME SEEK TO REASSURE INDOS THAT BRITISH ARE NOT
NOT RPT NOT OUT TO UNDERMINE INDONESIA
3. WHEN THEY REQUEST OUR ASSISTANCE TO RELIEVE ECONOMIC PROBLEMS
CONFRONTATION HAS CREATED, CONTINUE REMIND INDOS THAT WE UNABLE
POLITICALLY TO RESPOND WHILE THEY PURSUE MILITARY CONFRONTATION
AGAINST MALAYSIA, UNLESS EXCEPTION IN US INTEREST.
4. SEEK TO INVOLVE THAIS AND, IF POSSIBLE, UN IN MORE URGENT MON-
ITORING OF ACTUAL INDO INTRUSIONS INTO MALAYSIAN TERRITORY.

PAGE THREE RUMJBT 1425A C O N F I D E N T I A L

5. TO EXTENT WE CAN DO SO, KEEP MALAYSIANS ON COURSE
WHICH WILL HOLD INDONESIA IN ITS UNCOMFORTABLE POSITION OF HAVING TO
JUSTIFY BEFORE SCEPTICAL WORLD BADLY EXPOSED COVERT MILITARY
AGGRESSION.
6. CONTINUE SEEK FACE-SAVING FORMULAE FOR SUKARNO WHICH DOES NOT
INVOLVE CONCESSIONS WEAKENING MALAYSIA.
7. DESPITE EVERYTHING, ATTEMPT BY ALL AVAILABLE MEANS KEEP CEASE-
FIRE GOING.
8. IF MEANINGFUL SETTLEMENT OF DISPUTE DOES NOT DEVELOP,
UTILIZE FOREGOING TO STALL OF TIME (WHICH IS NOT NECESSARILY ON SIDE
OF INDOS), HOPING THEIR INTRANSIGENCE WILL SPEND SOME OF ITS FORCE

IN CONNECTION IMMEDIATE TACTICS WITH GOI, BEFORE SECOND FONMINS
MEETING MARCH 3 IN BANGKOK, FOLLOWING IS RELEVANT:
GOI PUBLIC POSITION ON WITHDRAWAL ISSUE NOW APPEARS TO HAVE BECOME
FIXED. SUBANDRIO HAS SAID IN EFFECT THAT SOME INCIDENTS WERE EX-
PECTED WHEN CEASE-FIRE NEGOTIATED AND SHOULD NOT BE ALLOWED UNDULY
INFLAME SITUATION WHILE BOTH SIDES CONTINUE EFFORTS PREVENT SUCH
INCIDENTS. ON WITHDRAWAL, GOI WILL NOT AGREE TO UNILATERAL CHANGE
IN MILITARY SITUATION GOING BEYOND CEASE-FIRE PRIOR TO POLITICAL
SETTLEMENT, WHEN, SUBANDRIO HAS STATED, GUERRILLA PROBLEM "WILL SOLVE
ITSELF". NOT FEASIBLE EXPECT NOW THAT INDOS WILL PUBLICLY RETREAT FROM

PAGE FOUR RUMJBT 1425A C F K N F I D E N T I A L

THIS POSITION WHICH HAS EVOLVED OVER PAST WEEKS. THEREFORE,
QUESTION IS WHAT CAN BE OFFERED GOM AS SUITABLE PROGRESS ON CEASE-
FIRE QUESTION. BELIEVE IT JUST POSSIBLE WE MIGHT PERSUADE

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-3- 1962, February 28, from Djakarta.

SUBANDRIO MAKE POSITIVE REFORMULATION OF GOI STAND IN TERMS OF FIRM STATEMENT TO RAZAK IN BANGKOK THAT, WHEN POLITICAL SETTLEMENT REACHED, GOI WILL COOPERAGE IN ELIMINATING ANY GUERRILLA ACTIVITIES IN AREA AND CONFINING ACTIVITIES ITS NATIONALS WITHIN ITS OWN BORDERS. WHILE IMPLEMENTATION WOULD THEN STILL BE CONTINGENT UPON POLITICAL SETTLEMENT (WHICH MAIN POINT OF INDOS PUBLIC POLICY). FIRM COMMITMENT WOULD REPLACE STATEMENT THAT PROBLEM WOULD "SOLVE ITSELF".

ADDITIONALLY, BELIEVE WE SHOULD URGE UPON SUBANDRIO IMPORTANCE OF PROMPT STATIONING OF THAI OBSERVERS IN BORNEO. IF FIRST DAY OF CONFERENCE COULD RESULT IN COMMITMENT ON FUTURE DISPOSITION OF GUERRILLAS AND JOINT STATEMENT THAT FINAL DETAILS AGREED BY ALL PARTIES FOR IMMEDIATE RPT IMMEDIATE STATIONING OBSERVERS IN EFFORT MINIMIZE FUTURE INCIDENTS, THIS MIGHT CREATE ATMOSPHERE IN WHICH MALAYSIA ABLE DISCUSS POLITICAL MATTERS.

IF OUR UNDERSTANDING OF GOM POSITION CORRECT, AT LEAST GENERAL OUTLINE OF POLITICAL SETTLEMENT MUST BE FORESEEABLE BEFORE TUNKU WILL CONSIDER SUMMIT CONFERENCE AT THIS TIME. THEREFORE, SOME PROGRESS MUST BE MADE IN MINISTERS' CONFERENCE BANGKOK. THANAT AND OTHERS HAVE NOTED THAT IT DIFFICULT FOR GOM SHOW ANY GIVE ON POLITICAL ISSUES UNTIL GOI WILLING MAKE AT LEAST INITIAL PRESENTATION OF WHAT IT WANTS IN THIS REGARD. THEREFORE, IT IMPORTANT THAT NEGOTIATING PROCESS ON POLITICAL SETTLEMENT ACTUALLY BEGIN UPCOMING BANGKOK CONFERENCE. FOR THIS TO OCCUR, SUBANDRIO MUST BE WILLING INDICATE WHAT HE

PAGE FIVE RUMJBT 1425A C O N F I D E N T I A L
WANTS.

IN ESSENCE, THEREFORE, BELIEVE OUR PRE-CONFERENCE APPROACH TO SUBANDRIO SHOULD:

1. REAFFIRM IMPORTANCE OF SOME PROGRESS AT BANGKOK TALKS IF SUMMIT MEETING, AS ALLEGEDLY DESIRED BY GOI, TO BE POSSIBLE.
2. EMPHASIZE NECESSITY FOR SOME FURTHER DEFINITION OF CEASE-FIRE AND PROPOSE AGAIN THAT INDOS ACCEPT FIFTH CEASE-FIRE POINT PROPOSED AT FIRST BANGKOK MEETING (BANGKOK TEL 1288 TO DEPT). IF, AS WE ASSUME, SUBANDRIO UNABLE ACCEPT THIS, SUGGEST WE URGE THAT GOI AT LEAST: (A) GIVE FIRM COMMITMENT HC GOM AT BANGKOK ON GUERRILLA QUESTION IN TERMS DISCUSSED THIRD PARA ABOVE, AND (3) AGREE TO AND PUBLICIZE IMMEDIATELY PRE-STATIONING OF THAI OBSERVERS AS MUTUAL EFFORT SEEK AVOIDANCE FURTHER INCIDENTS.

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-4- 1802, February 23, from Dhaka.

3. URGE THAT , AS NECESSARY PRE-REQUISITE TO PROGRESS, GOI MAKE KNOW ITS POSITION ON POLITICAL SETTLEMENT AT BANGKOK MEETING. IN THIS REGARD, BELIEVE IT WOULD BE COUNTER-PRODUCTIVE AT THIS STATE FOR USG TO SUGGEST SPECIFIC ASPECTS OF ANY POSITION AND BELIEVE WE SHOULD LIMIT OURSELVES TO URGING GOI PUT CARDS ON TABLE AND GET NEGOTIATION PROCESS STARTED.

GP-3

JONES

BT

ADVANCE COPY TO S/S-O 9:20 p.m.

NOTE: Passed White House 9:46 p.m.

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INCOMING TELEGRAM *Department of State*

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INFO RUHPA/CINCPAC
RUMJKL/AMEMBASSY KUALA LUMPUR
STATE GRNC

1964 FEB 29 AM 5 42

BT
CONFIDENTIAL ACTION DEPT (1804) INFO CINCPAC 621
KUALA LUMPUR 651 FROM DJAKARTA FEB 29 1PM

CINCPAC FOR POLAD

LIMDIS

REF: EMBTEL 1802

I HAVE FOLLOWING ADDITIONAL COMMENTS SUBJECT REFTEL:
THERE IS NO QUESTION BUT THAT IN MINDS OF INDO
LEADERSHIP DOMESTIC ECONOMIC PROBLEMS LOOM LARGE AND,
AS DEPTTEL ASSUMES, CONSTITUTE IMPORTANT REASON FOR
INDOS WANTING POLITICAL SETTLEMENT. FACT THAT SUKARNO
CFN 1804 621 651 29 1PM 1802

PAGE TWO RUMJBT 1455A CONFIDENTIAL
DOES NOT WANT TO ADMIT PUBLICLY HOW BADLY OFF INDO
ECONOMY IS (EMBTEL 1803) DOES NOT MEAN HE DOES NOT
REALIZE WHAT HE IS UP AGAINST. KEY QUESTION, HOWEVER,
IS EXTENT TO WHICH THIS CONSIDERATION WEIGHS IN WITH
SUKARNO AND WILL DETERMINE HIS ACCEPTANCE OF OTHERWISE
UNACCEPTABLE FORMULA. IN A WORD, THE ANSWER AS REFTEL INDICATES,
IS PROBABLY "VERY LITTLE".

I THINK THAT SUKARNO'S REACTION WILL DEPEND UPON
ATMOSPHERE OF TALKS AS MUCH AS ANYTHING ELSE. BOTH INDOS
AND PHILS HAVE COMPLAINED HERE OF TOP LOFTY ATTITUDE OF
MALAYSIAN NEGOTIATORS. I AGREE WITH DEPT THAT BEST
CHANCE OF RESCUING TALKS AT THIS STAGE IS SUMMIT
MEETING TO FOLLOW ON HEELS OF MINISTERIAL MEETING AND
THAT BOTH HERE AND KUALA LUMPUR EVERY EFFORT SHOULD BE
EXERTED TO INDUCE PARTICIPANTS TO SET STAGE FOR SUMMIT.

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-2- 1804, FEBRUARY 29, 1 PM, FROM DJAKARTA

WHAT WE SHOULD GUARD AGAINST, HOWEVER, IS ANY ASSUMPTION THAT INDO ECONOMIC PROBLEMS WILL INDUCE SUKARNO TO STAGE MAJOR RETREAT. AS WE HAVE REPEATEDLY EMPHASIZED OVER PAST MONTHS, SUKARNO MUST BE PRESENTED WITH SOME KIND OF FACE-SAVING FORMULA --- IT IS FOLLY CFN 1803.

PAGE THREE RUMJBT 1455A C O N F I D E N T I A L
TO ASSUME (AS SOME BRITISH HAVE BUT AS DEPT NEVER HAS) THAT SUKARNO DRIVEN INTO CORNER, WILL CAVE IN. HE WOULD BRING DOWN PILLARS OF TEMPLE FIRST.

IF GENUINE ATMOSPHERE OF GOOD WILL CAN BE CREATED DURING TALKS, AND BY THIS I MEAN EXERTION OF EFFORT BY BOTH SIDES TO UNDERSTAND PECULIAR POLITICAL DIFFICULTIES FACED BY OTHERS, THEN I THINK ECONOMIC AND MILITARY PRESSURES MAY BECOME IMPORTANT ELEMENT IN SHIFTING THE BALANCE AND INDUCING INDOS TO AGREE TO FORMULA GOM MIGHT ACCPET. BUT IF EMOTIONALISM RATHER THAN REASON TAKES OVER, INDOS WILL PROVE TO BE TOUGH BARGAINERS INDEED AND TALKS ARE VERY LIKELY TO BREAK UP.

AS FOR ATTITUDE OF MILITARY, ALL EVIDENCE WE HAVE IS TO EFFECT THAT ALTHOUGH MILITARY WOULD NOT WELCOME ALL-OUT WAR, IT IS INTERESTED IN CONTINUING AND EXPANDING DANGEROUS GAME FOR PARA-MILITARY OPERATIONS WITH VIEW TO WEARING DOWN THE BRITISH.

THIS MEANS THAT WHEREAS TIME IS ON OUR SIDE IN INCREASING ECONOMIC PRESSURES ON SUKARNO, DANGERS OF

PAGE FOUR RUMJBT 1455A C O N F I D E N T I A L
MILITARY EXPLOSION ALSO INCREASE WITH PASSAGE OF TIME. THIS UNDERLINES TO ME VITAL IMPORTANCE OF ALL PARTIES CONCERNED EXERTING EVERY EFFORT AT BANGKOK TO ACHIEVE SUFFICIENT MEASURE OF AGREEMENT ON POINTS FINAL PARA EMBTEL 1801 TO PERMIT SUMMIT MEETING TO BE HELD IN NEAR FTURUE.

IN LIGHT OF CANBERRA'S 648 TO DEPT, 75 TO DJAKARTA, DEPT MAY WISH TRANSMIT FOREGOING TO CANBERRA.

GP-3. JONES

BT

CFN 1801 648 75 GP-3

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